

## MEMORANDUM

**Date:** January 27, 2012

**To:** Illinois Arts Council Members

**From:** Eliud Hernandez, Deputy Director  
Rose Parisi, Director of Programs

**Subject:** Illinois Arts Council Policies

Presented here today are recommendations for revisions and additions to IAC policies. These changes are needed for better clarity of existing policies and for compliance with federal rules.

The IAC presently has a policy that requires applicant organizations to be not-for-profit corporations in the state of Illinois however they are not currently required to hold tax-exempt status from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The National Endowment for the Arts requires all organizations which receive federal funding either directly or through sub-grants to have a 501(c)3 status. Along with the 501(c)3 status organizations must have a current DUNS number\*. In order for the IAC to be in compliance with NEA requirements additional policies need to be established as well as refinements to a current policy.

The proposed new policies would be implemented for the fiscal year 2014 grant cycle. The revisions to current policy would be implemented immediately.

The following page outlines the recommended changes.

We will expand on this report at the Council meeting.

*\*The DUNS number is a unique nine-digit sequence, provided by Dun & Bradstreet (D&B), which is recognized as the universal standard for identifying and keeping track of over 100 million businesses worldwide and is required for any organization receiving federal funds.*

## **RECOMMENDATIONS FOR CHANGES IN IAC POLICIES**

### **PRESENT POLICY:**

Each applicant organization must be registered as a not-for-profit corporation with the Office of the Illinois Secretary of State. Units of government, publicly constituted schools, colleges and universities, or religious organizations are also eligible to apply.

### **RECOMMENDED REVISIONS TO POLICY**

Each applicant organization must be registered as a not-for-profit corporation in good standing with the Office of the Illinois Secretary of State. Units of government, ~~publicly constituted schools, colleges and universities, or religious organizations~~ institutions of higher education, and national/regional service organizations approved by the Illinois Arts Council are also eligible to apply.

The revisions clarify that the organization must prove that they are in “good standing” with the Illinois Secretary of State. In addition the revisions clarify that national and regional organizations such as Arts Midwest and the Cultural Data Project may also receive support through IAC grants. The deletion of the text “publicly constituted schools” and “religious organizations” is made because these organizations would fall under “units of government” or “not-for-profit corporations”. This revised policy would be implemented immediately.

### **RECOMMENDED ADDITIONAL POLICIES:**

- Each applicant organization must hold tax-exempt status from federal income tax under Section 501(c)(3) of the Internal Revenue Code and must qualify as a charitable organization under Section 170(c) of the Internal Revenue Code of 1986 as amended. Units of government, institutions of higher education, or Federally-recognized Indian tribal governments are also eligible to apply.
- Each applicant organization must have a Federal Identification Number (FEIN), assigned by the Internal Revenue Service.
- Each applicant organization must be registered with Duns and Bradstreet and have a DUNS (data universal numbering system) number.

These new policies would be implemented for the FY2014 grant cycle. Applicants will be required to provide proof that they are in compliance at the time of application.